
FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

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COMMISSION OK'S INNOVATIVE TRANSMISSION RATE PROPOSAL

The Federal Energy Regulatory Commission has conditionally accepted a for-profit transmission company's (transco) innovative transmission rate proposal.

Michigan-based International Transmission Company (ITC) plans to adapt the transmission component of former bundled retail transmission rates as its start-up open access tariff rates. ITC, a subsidiary of DTE Energy, was created to own and operate all of Detroit Edison Company's nearly 6500 miles of transmission lines and related assets. Detroit Edison is a subsidiary of DTE Energy.

Commented Chairman James J. Hoecker: "If the company takes us up on the rate benefits in this order, we will have greater certitude that its assets will be independent of its parent and part of a regional transmission organization (RTO) on a timely basis. More than anything, this order should signal that the Commission is prepared to reward qualified RTOs or companies that make an irreversible commitment to participate in one."

The Commission accepted the plan although there is no Commission-approved RTO which the transco can join at this time. Under the Commission's RTO policy, outlined in Order No. 2000, the Commission said that innovative rates would only be considered with an approved RTO. But to accelerate the benefits of open transmission access and the Commission's RTO initiative, the Commission decided that, in these specific circumstances, it would afford this transco the enhanced financial rate certainty it claimed to need to proceed with its development.

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If ITC does not become independent of Detroit Edison within 24 months of the date of the Commission's order and does not join an approved RTO by December 15, 2001, or such later date as may be established by the Commission based on unanticipated external events, refunds with interest will be paid for all transmission services provided under the innovative rates. In addition, ITC said that it would not challenge a Commission order assigning ITC to an RTO of the Commission's choosing should ITC fail to satisfy the RTO commitment. The Commission gave ITC 30 days to file detailed information to support its retail transmission rate figure.

ITC is a member of the proposed Alliance RTO, which would cover parts of the Midwest and mid-Atlantic region.

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